Form (2)

The Myanmar Investment Commission

PERMIT

Permit No. 305/98 Date 27th FEBRUARY 1998

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter DIRECTOR GENERAL, DEPARTMENT OF SOCIAL WELFARE

(b) Citizenship MYANMAR

(c) Address NO.65, KYAIKWINE PAGODA ROAD, MAYANGONE TOWNSHIP, YANGON

(d) Name and address of principal organization DEPARTMENT OF SOCIAL WELFARE, NO.64,KABAR AYE PAGODA ROAD, MAYANGONE TOWNSHIP, YANGON.

(e) Place of incorporation YANGON

(f) Type of business in which investment is to be made MANUFACTURING AND MARKETING OF HANDICRAFTS, LACQUAR-WARE, TABLE CLOTH, CURTAINS AND OTHER NON-PRECIOUS STONE PRODUCTS

(g) Place (s) at which investment is permitted NO.113, THANLWIN ROAD, KAMARYUT TOWNSHIP, YANGON

(h) Amount of foreign capital US$ 0.525 MILLION

(i) Period for bringing in foreign capital WITHIN 18 MONTHS FROM THE DATE OF ISSUANCE OF PERMIT

(j) Total amount of capital (Kyat) 4.50 MILLION (KYAT FOUR MILLION, FIVE HUNDRED THOUSAND ONLY)

(k) Permitted duration of investment 10 YEARS

(l) Name of the economic organization to be formed in Myanmar ART & DECO COMPANY LIMITED

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုမြန်မာနိုင်ငံတော်
(၂)
စာအမှတ် ...
နေ့စွဲ ...
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

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ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၀၅/၉၇ ၁၉၉၇ ခုနှစ် ဖေဖော်ဝါရီလ ၂၄ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် သန်ကြားလေးမှူး ချုပ်၊ လူမှုဝန်ထမ်း ဦးစီးဌာန။

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ အမှတ်(၆၇) ကျိုက်ဝိုင်းဘုရားလမ်း၊ မရမ်းကုန်းမြို့နယ်၊ ရန်ကုန်မြို့။

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ လူမှုဝန်ထမ်း ဦးစီးဌာန၊ အမှတ်(၆၄)၊ ကမ္ဘာအေးဘုရားလမ်း၊ မရမ်းကုန်းမြို့နယ်၊ ရန်ကုန်မြို့။

(င) ဖွဲ့စည်းရာအရပ် ရန်ကုန်မြို့။

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား အမျိုးသမီးသုံးအလှအပလက်ဝတ်ပစ္စည်းများ၊ လက်မှုပစ္စည်းများ၊ ယွန်းထည်ပစ္စည်းများ ထုတ်လုပ်ရောင်းချခြင်းလုပ်ငန်း။

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) အမှတ်(၁၁၃) သံလွင်လမ်း၊ ကမာရွတ်မြို့နယ်၊ ရန်ကုန်မြို့။

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၀.၁၂၅ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ခွင့်ပြုမိန့်ရရှိပြီး (၁၈) လအတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) ၄.၅၀ သန်း (ကျပ်လေးသန်း၊ ငါးသိန်းတိတိ)

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၁၀ နှစ်

မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည်
ART & DECO COMPANY LIMITED

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/439/97 (2303)
Dated : 27th February 1998

Tel : 272219, 272855
Fax : 095-01-282101

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing of handicrafts, lacquer-ware, table cloth, curtain and other non-precious stone products" under the name of "Art & Deco Company Limited".

Reference: Ministry of Social Welfare, Relief and Resettlement Letter No. 2-5/188/97-98/182 dated 21.1.98.

1. The Myanmar Investment Commission, at its meeting 2/98 held on 23.1.98 had reviewed the proposal for investment in "Manufacturing of handicrafts, lacquer-ware, table cloth, curtain and other non-precious stone products" under the name of "Art & Deco Company Limited" submitted as a Joint Venture between Department of Social Welfare and Setraco International Limited of British Virgin Islands. After careful review, it was deliberated that the proposed project be approved in principal for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 6/98 held on 5-2-98 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 10(Ten) years from the effective date of the Lease Agreement and extendible for another 5(Five) years upon mutual agreement [illegible] Department of Social Welfare and Setraco International Limited. At the [illegible] Art & Deco Company Limited shall transfer immovable properties including t[illegible]ed land and buildings to the Department of Social Welfare without any consideration within 3(three) months in good condition, ground damages having been refilled or repaired.

4. Setraco International Limited shall provide a Performance Bank Guarantee to the amount of US $ 26250 (United States Dollars Twenty Six Thousand Two Hundred and Fifty Only) in favour of

the Department of Social Welfare within 30(Thirty) days after the effective date of the Joint Venture Agreement.

5. The annual rent shall be calculated at the rate of US $ 15 (United States Dollars Fifteen Only) per square metre per annum on the covered area of (710.13 square metre) to the amount of US $ 10652 (United States Dollar Ten Thousand Six Hundred and Fifty Two Only) and at the rate of US $ 8 (United States Dollars Eight Only) per square metre per annum on the uncovered area of (1481 square metre) to the amount of US $ 11848 (United States Dollars Eleven Thousand Eight Hundred and Forty Eight Only), totally amounting to US $ 22500 (United States Dollars Twenty Two Thousand Five Hundred Only). The rent shall be reviewed every 5(Five) years and the increased of the rent shall not be more than 15(Fifteen) percent of the previous rent.

6. Department of Social Welfare shall have the option to buy the shares of the Company from 5(Five) percent of Setraco International Limited's shares each at the end of every 5(Five) years up to 40(Forty) percent of the paid-up share capital of the Company at per value within 10(Ten) years upon mutual agreement between both parties.

7. In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to three consecutive years from the year of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Art & Deco Company Limited shall apply for such exemption only after 3-year tax holiday period.

(c) As per Section-21(c), Art & Deco Company Limited shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, Art & Deco Company Limited shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income-tax up to 50 percent [illegible] exports, such relief has to be applied, upon actual performance, fo[illegible] year tax holiday period.

(e) As per Section-21(e), Art & Deco Company Limited shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

( ) As per Section-21(g), regarding the right to deduct from the assessable income such expenses incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, Art & Deco Company Limited shall apply, upon actual performance of such research and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, Art & Deco Company Limited shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction. However, such imports shall be subject to the approval endorsed by the Ministry of Social Welfare Relief and Resettlement.

8. Department of Social Welfare shall have to sign Joint Venture Agreement with Setraco International Limited and shall also have to sign the Lease Agreement with Art & Deco Company Limited. After signing such Agreements, (5) copies each of those shall have to be forwarded to the Commission.

9. Art & Deco Company Limited, in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

10. Art & Deco Company Limited shall use its best efforts for timely realiz[illegible] stated in the Proposal. If none of such works has been commenced within one year from the [illegible]e of issue of this "Permit", it shall become null and void.

11. The official date of operation shall be reported to the Commission.

12. Art & Deco Company Limited shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

13. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Art & Deco Company Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

14. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

15. Whenever Art & Deco Company Limited brings in foreign capital defined under Section 2(h) of the said Law, other than foreign currency in the manner stated in paragraph 14(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

16. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

17. Art & Deco Company Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

18. Art & Deco Company Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commissi[illegible] vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undert[illegible] systems and other necessary environmental control systems.

19. Art & Deco Company Limited shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

20. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Art & Deco Company Limited.

21. Art & Deco Company Limited, in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

By Order,

Brig-Gen Maung Maung

Secretary

Director General

Department of Social Welfare

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Social Welfare, Relief and Resettlement.
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power
13. Chairman, Committee for Assisting the Myanmar Investment Commiss[illegible]nor, Central Bank of Myanmar)
14. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
15. Director General, Directorate of Investment and Company Administration
16. Director General, Customs Department
17. Director General, Internal Revenue Department
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank

20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Chamber of Commerce and Industry